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SUBJECT: RUDD ANNOUNCES NEW CABINET

Classified By: James F. Cole for reasons 1.4 (b) and (d)

11. (C/NF) SUMMARY: Prime Minister-elect Kevin Rudd announced his 20-member Cabinet November 29. It is a talented line-up that strikes a balance between different regions and the Labor Party's left and right-wing factions. Rudd honored his undertaking to retain his core economic team - Julia Gillard as Employment and Workplace Relations Minister, Wayne Swan as Treasurer and Lindsay Tanner as Finance Minister - in their positions. He surprised many observers by appointing Stephen Smith as Foreign Minister and Gillard as Education Minister on top of Workplace Relations and her position as Deputy Prime Minister. Rudd has appointed Joel Fitzgibbon as Defense Minister and former Australian Labor Party (ALP) Leader Simon Crean as Trade Minister. The other major surprise was the appointment of gaffe-prone shadow minister and former rock star Peter Garrett as Minister for the Environment, Heritage and the Arts while creating a new position of Minister for Climate Change and Water (the two most important components of the Environment Ministry) and giving it to Senator Penny Wong, a rising star who performed well during the election. The Cabinet will be sworn in on Monday December 3. We will report on the cabinet appointments in more detail, and provide a full list, septel. END SUMMARY

FOREIGN AFFAIRS

12. (SBU) Western Australia's Stephen Smith, currently Shadow Education Minister and close to former Opposition Leader Kim Beazley, will be Minister for Foreign Affairs. A former lawyer, Keating Government adviser, and State Secretary of the Western Australian ALP, Smith has a sharp mind and calm manner, although he has little experience in foreign affairs. In his press conference, Rudd cited Western Australia's time-zone (it is two hours behind eastern Australia and the same as several Asian countries) as an advantage of having Smith in the portfolio. Former Keating Government Minister Bob McMullan was touted for Foreign Affairs but will be Parliamentary Secretary to the Foreign Affairs Minister -- with responsibility for overseas development.

DEFENSE

13. (SBU) In Defense, Fitzgibbon's appointment is a reward for his solid performance in that portfolio and perhaps gratitude for helping deliver Rudd New South Wales support in his leadership coup 12 months ago. Assisting Fitzgibbon will be two Parliamentary Secretaries Greg Combet and new MP and former Australian Army lawyer, Mike Kelly. Combet is the former secretary of the Australian Council of Trade Unions and has no background in defense procurement, which is his new portfolio.

TRADE AND AGRICULTURE

14. (SBU) Former ALP leader Simon Crean, a minister in the last ALP Government, retains the Trade portfolio he held when Labor was in opposition. Former ALP spokesperson for Immigration, Tony Burke, is the new Minister for Agriculture.

Having just finished his first term in Parliament, this is a significant appointment for someone Rudd called a "rising star" in his press conference. An accomplished politician who increased his margin of victory in the recent election in Qw who increased his margin of victory in the recent election in what was already a safe Labor seat, he is from Southwestern Sydney and is not likely to have much of a background in agriculture.

CLIMATE CHANGE

15. (SBU) Former Labor Environment and Water Spokesperson Peter Garrett has lost the climate change portfolio but will be Minister for the Environment, Heritage and the Arts. The Cabinet Ministry of Climate Change and Water will be held by South Australian Senator Penny Wong who performed very well during the recent election. (Wong visited the United States on an IVG earlier this year.) The former Foreign Affairs Spokesman Robert McClelland will be Attorney-General. Nicola Roxon continues her role in health for the ALP as the new Health Minister. She will have the unenviable task of trying to improve quality and control expenses in Australia's state-run public hospitals. Martin Ferguson is new Minister for Resources, Energy and Tourism. His expertise is in

transport and regional services. Senator Chris Evans, the former Labor spokesperson for resources from Western Australia, is Minister for Immigration and Citizenship.

A TOUGH LOAD FOR GILLARD

16. (C/NF) COMMENT: In September, Rudd broke ALP tradition by declaring that he would name the Ministry rather than cater to the demands of the various factions within the party. He appears to have chosen a capable team that contains a good mixture of youth and experience while also maintaining the balance between the factions. Gillard has a monumental task as the Minister responsible for overseeing the winding back of WorkChoices and implementing Rudd's "Education Revolution." Its unclear why she would take on two difficult portfolios and now that the Liberal Party has named the capable and high-profile Julie Bishop as its spokesperson on industrial relations (see septel), Gillard will have her hands full. While Smith may have little experience in foreign affairs, it is probable that the real foreign minister will be Kevin Rudd himself, a micromanager and former diplomat who was Labor's spokesperson for foreign policy.

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